D.P.U. 93-4D

Application of Eastern Edison Company

(1) under the provisions of G.L. c. 164, § 94G and the Company's tariff, M.D.P.U. 115, for approval by the Department of a change in the quarterly fuel charge to be billed to the Company's customers pursuant to meter readings in the billing months of December 1993, and January and February 1994.

(2) for approval by the Department of rates to be paid to Qualifying Facilities for purchases of power pursuant to 220 C.M.R. §§ 8.00 et seq.. The rules established in 220 C.M.R. §§ 8.00 et seq. set forth the filings to be made by electric utilities with the Department, and implement the intent of sections 201 and 210 of the Public Utilities Regulatory Policies Act of 1978.

APPEARANCES: V. Denise Saunders, Esq.
McDermott, Will & Emery
75 State Street
Boston, Massachusetts 02110
FOR: EASTERN EDISON COMPANY
Applicant

L. Scott Harshbarger, Attorney General
By: James W. Stetson
Assistant Attorney General
131 Tremont Street
Boston, Massachusetts 02108
Intervenor

I. INTRODUCTION

On October 28, 1993, pursuant to G.L. c. 164, § 94G and 220 C.M.R. §§ 8.00 et seq., Eastern Edison Company ("EECo" or "Company") notified the Department of Public Utilities ("Department") of the Company's intent to file a quarterly change to its fuel charge in conformance with its tariff, M.D.P.U. 115, and to its Qualifying Facility ("QF") power purchase rates in conformance with its tariff, M.D.P.U. 115. The Company requested that both these changes be effective for bills issued pursuant to meter readings for the billing months of December 1993 and January and February 1994. These matters were docketed as D.P.U. 93-4D.

Pursuant to notice duly issued, a public hearing on the Company's application was held on November 23, 1993, at the Department's offices in Boston. Notice of the hearing was published by the Company in the Fall River Herald News, the Quincy Patriot Ledger, the Brockton Enterprise, and the Boston Herald. The Company also complied with the requirement to mail a copy of the notice of the hearing to persons with whom the Company has special retail contracts that do not incorporate a filed rate, and to all intervenors and their respective counsel from the Company's prior two fuel charge proceedings. The Attorney General of the Commonwealth of Massachusetts intervened as of right, pursuant to G.L. c. 12, § 11E. At the hearing, the Company sponsored two witnesses: Arlene L. Fleming, rate analyst for Eastern Utilities Associates Service Corporation, and Gail M.

Hatch, power analyst for Eastern Utilities Associates Service Corporation. The Company submitted one exhibit and responded to one record request issued by the Department during the hearing.

EECo is a wholly owned subsidiary of Eastern Utilities Associates ("EUA"), a utility holding company. EUA's other subsidiaries, affiliates of EECo, include Blackstone Valley Electric Company ("Blackstone") in Rhode Island, Newport Electric Corporation in Rhode Island, and EUA Service Corporation, which provides engineering, technical, and other services for EUA companies. Montaup Electric Company ("Montaup") is a wholly owned subsidiary of EECo and supplies power to EECo, Blackstone, and certain municipal electric utilities. EECo purchases all of its power requirements at wholesale from Montaup pursuant to rates regulated by the Federal Energy Regulatory Commission ("FERC"). Thus, EECo does not own or operate any power generation units of its own. EECo serves, on average, 204,000 customers in its service territory, which includes over twenty cities and towns in southeastern Massachusetts.

II. FUEL CHARGE

On November 16, 1993, the Company filed with the Department its proposed changes to its fuel charge and QF power purchase rates for December 1993 and January and February 1994. For these billing months, the Company proposes a fuel charge of $0.01865 per kilowatthour ("KWH"). The proposed fuel charge is $0.00113 per KWH higher than the fuel charge of $0.01752 per KWH approved by the Department in Eastern Edison Company, D.P.U. 93-4C (1993) for meter readings for the billing months of September, October and November, 1993.

Ms. Fleming stated that there are a combination of elements contributing to the increase in the proposed fuel charge (Exh. EE-1, sec. 1, at ii). First, the forecast period M-rate average fuel cost was 1.9 percent higher than the M-rate average fuel cost forecasted for the current period (id.). Ms. Hatch stated that the projected increase in the fuel prices in the forecast period can be attributed to an anticipated increase in oil prices because of a seasonal rise in petroleum demand (id., sec. 2, at 3-4).

Second, the Company anticipates that an underrecovery of $918,268 is expected to exist at the end of the current period, instead of the forecasted underrecovery of $523,089 in the prior filing (id., sec. 1, at ii). Ms. Fleming stated that the underrecovery can be attributed to higher M-Rate fuel costs than estimated for the current period and greater megawatthour purchases in August and September 1993 (id., sec. 1, at iii). Partially offsetting these increases is an anticipated increase in forecasted sales (id., sec. 1, at ii).

Similar to the prior two quarters, the Company's proposed fuel charge includes two adjustments. The first adjustment is a credit of $63,603.56 for Montaup's Oil Conservation Adjustment ("OCA") (id., sec. 1, at 12). Pursuant to a settlement agreement in Montaup's OCA in FERC Dockets ER83-112-00 and ER83-136-000, Montaup is allowed to retain tax benefits in order to make itself whole on the recovery of its conversion costs (id.). The Company flows through excess tax benefits to its customers on an estimated basis, and reconciles the estimate to actual on a calendar year basis (id.). Ms. Fleming stated that the aforementioned credit for OCA tax benefits is lower in the forecast period than the current period due to (1) the annual reconciliation of Montaup's estimated vs. actual tax benefits received, and (2) the estimate of lower future benefits during 1994 (id., sec. 1, at ii-iii).

The second adjustment to EECo's fuel charge calculation is Montaup's additional credit of $134,178 per month for Conservation and Load Management ("C&LM") costs, reflecting a reconciliation of actual costs incurred (id., sec. 1, at 12). According to the Company, the true-up of C&LM costs for the period May 1992 through December 1992 will be flowed through to EECo during the period of March 1993 through February 1994 (id.). Ms. Fleming noted that these prior period C&LM reconciliations will not be included in the Company's next fuel filing, since current C&LM costs are being collected and reconciled through the Company's Conservation Cost Adjustment clause, M.D.P.U. No. 279 (id., sec. 1, at ii).

III. QUALIFYING FACILITIES

Pursuant to the Department's rules, 220 C.M.R. 8.00 et seq., rates to be paid to QFs for short-run power purchases are set with the same frequency as the fuel charge. A QF is a small power producer or cogenerator that meets the criteria established by the FERC in 18 C.F.R. § 292.203(a) and adopted by the Department in 220 C.M.R. § 8.02.

Pursuant to the governing regulations, the Company is required to calculate short-run energy purchase rates on a time-of-supply basis for two rating periods: peak and off-peak. In addition, the Company is required to calculate a non-time-differentiated rate, *i.e.*, a total period rate, which is a weighted average of the time-of-supply rates, where the weighting is a function of the number of hours in each rating period. *See* 220 C.M.R. § 8.04(4)(b).

The Company proposed the following standard rates to be paid to QFs during December 1993 and January and February 1994:

Energy Rates By Voltage Level ($/KWH)

Voltage Level	Peak	Off-Peak	Total
(A) Primary	0.017512	0.017435	0.017473
(B) Secondary	0.018060	0.018025	0.018043

(Exh. EE-1, sec. 2, at 39).

IV. FINDINGS

Based on the record in the case, the Department finds:

1. that the fuel charge to be applied to Company bills issued pursuant to meter readings for the billing months of

December 1993 and January and February 1994 shall be $0.01865 per KWH. (The calculation of the fuel charge is shown in Table #1 attached to this order.)

2. that the qualifying facility power purchase rates for December 1993 and January and February 1994 shall be the rates set forth in Section III above.

V. ORDER

Accordingly, after due notice, hearing and consideration, it is

ORDERED: That the Eastern Edison Company is authorized to put into effect a quarterly fuel charge of $0.01865 per KWH as set forth in Section IV, Finding 1 of this Order for bills issued pursuant to meter readings for the billing months of December 1993 and January and February 1994, subject to refund; and it is

FURTHER ORDERED: That the fuel charge approved herein shall apply to kilowatthours sold to the Company's customers subject to the jurisdiction of the Department and shall be itemized separately on all such customers' electric bills; and it is

FURTHER ORDERED: That the Company's Qualifying Facility power purchase rates for the billing months of December 1993 and January and February 1994 shall be those set forth in the Table on page 5 of this Order; and it is

FURTHER ORDERED: That the Company, in all future fuel charge proceedings, shall notify the Attorney General and all intervenors and their respective counsel from the Company's prior two fuel charge proceedings that it is proposing an adjustment to its fuel charge, and shall also notify these persons of the date scheduled for the hearing on the proposed fuel charge at least ten days in advance of the hearing; and it is

FURTHER ORDERED: That the Company, in all future fuel charge proceedings, shall provide the Attorney General and all intervenors and their respective counsel from the prior two fuel charge proceedings with a copy of its fuel charge filing, in hand or by facsimile, on the same day it is filed with the Department.

By Order of the Department,